



SUCCESSFUL LOCAL GOVERNMENT FUNDRAISING AND PROJECT PITCHING

While most local governments struggle to access funds for their low-emission and climate resilient projects, within just one year **Brasília, the federal capital of Brazil** and government seat of the Federal District, **managed to fundraise over USD 450M for implementation in 2021.**

ICLEI Case Study 213



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Brasilia: Successful Local Government Fundraising and Project Pitching

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The Global Platform for Sustainable Cities (GPSC), managed by the World Bank, is a comprehensive support mechanism to participating cities of the Sustainable Cities Integrated Approach Pilot (SC-IAP) program of GEF that aims to:

- Promote and advise on an improved approach and method to integrated urban planning and performance, to strategically guide the 28 participating cities in the SC-IAP;
- Capacitate and connect the participating and prospective cities on integrated sustainability planning by taking as starting points their concrete contexts, barriers and opportunities to achieve integration with a focus on urban infrastructure, policy, people and investments;
- Provide access to a wide range of existing tools and knowledge relevant to integrated urban planning and implementation that will support the cities to deliver effective integrated urban planning.

The GPSC is designed to support the participating cities of the SC-IAP to address the challenges and opportunities they face in their urban growth, development, and infrastructure and assist 'the change process' to a sustainable trajectory. The GPSC supports the cities to scale up their efforts conform to global standards, practices and knowledge and to improve their performances towards low carbon, resilient inclusive and sustainable development.

To succeed, these cities need local and regional government decision-makers and technical staff with diverse new skill sets that are interdisciplinary and able to function across sectors at the local and regional scales.

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ICLEI – Local Governments for Sustainability e.V.
Kaiser-Friedrich-Strasse 7 53113 Bonn, Germany
<https://iclei.org/>

AUTHORS

Dr. Eszter Réka Mogyorósy, ICLEI World Secretariat
Alessandra Andreazzi Peres, Federal District Environment
Secretariat, Brazil

CONTRIBUTORS

Maryke van Staden, ICLEI World Secretariat
Giulia Salvaterra, ICLEI World Secretariat
Ariel Dekovic, ICLEI World Secretariat

DESIGN

Olga Tokareva, ICLEI World Secretariat

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1. SUMMARY

The Paris Agreement and the United Nations Sustainable Development Goals (SDGs) create, an international agenda for a sustainable future that can bring all nations together to undertake ambitious global climate efforts. Local action is part of this effort.

Acting at the local level is an urgent matter. Cities consume over two-thirds of the world's energy, accounting for more than 70% of global CO₂ emissions [1]. More than half of the world's population lives in urban areas, and 1.5 million people are added to the global urban population every week[2], causing huge demands and pressures on infrastructure, services, job creation, climate and environment.

Although in recent years significant strides have been made with regards to availability of climate finance for local governments, accessibility of those funds remains too limited to effect the change needed.

Several barriers to accessing capital have been identified, including fiscal and/or technical capacity limitations, and challenges from project preparation to accessing finance and implementation. To develop robust and bankable projects, finance is needed already at a very early stage, representing up to 12% of the total project cost [3]. In emerging economies, due to the limited financial sources and level of autonomy of action, pre-financing or co-financing is not yet affordable. Additionally, when finance is available, local governments often lack information on these various financing opportunities and project preparation facilities at hand. The current financial architecture is complex and not easy to navigate, nor is it easy to identify the right financial model.

This paper aims to empower local and regional governments by giving a brief overview on the different financial sources, providing practical advices for fundraising and project pitching, using the successful example of Brasília as a model.





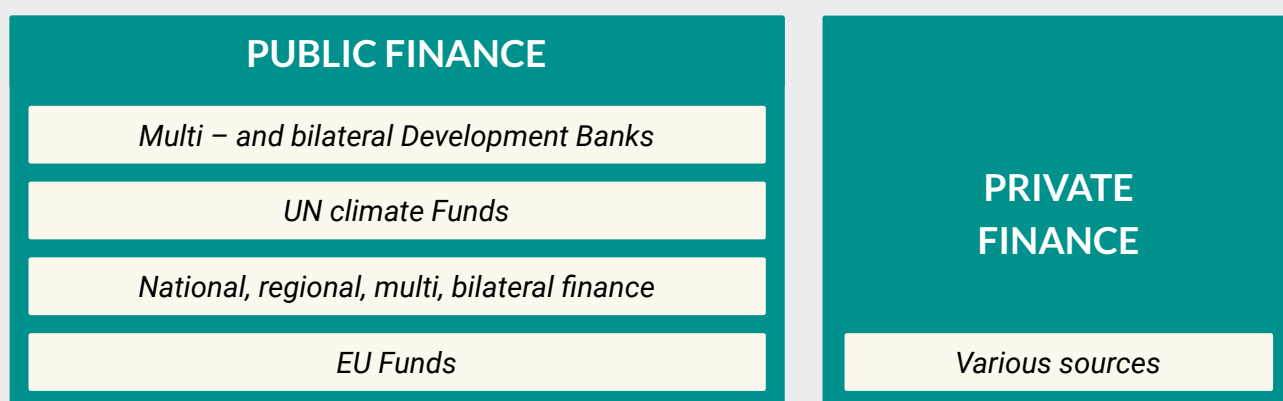
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2. CLIMATE FINANCE ARCHITECTURE

Funding can come from public and private sources. Within these we can distinguish international, national and sub-national levels, which can be grouped in different ways.

Figure 1 below is one potential approach.

Figure 1. Climate finance sources



2.1 PUBLIC FINANCE

Multilateral Development Banks (MDBs) are supranational institutions set up by sovereign states, which are their shareholders. They

have the common task of fostering economic and social progress in developing countries by financing projects, supporting investment

and generating capital for the benefit of all global citizens [4]. Examples include the World Bank (WB); the Inter-American Development Bank (IDB); the European Bank for Reconstruction and Development (EBRD); and the Development Bank of Latin America (CAF).

A Private finance has many actors and still represents a huge untapped potential for local governments, with only 30% of private funds having public sector recipients.

There are also **state owned Bilateral Development Banks** like, among others, the German KfW Bankengruppe, the Agence Française de Développement (AFD) and the Japan Bank for International Cooperation (JBIC). These development banks are public financial institutions, owned by the government, but acting also internationally.

The UN Climate Funds refer to the funds provided through the Financial Mechanism established by the United Nations Framework Convention on

Climate Change (UNFCCC). The operation of the Financial Mechanism is entrusted to the Global Environment Facility (GEF) and the Green Climate Fund (GCF) as operating entities.

The urban dimension is at the heart of the European Union (EU) policies, providing support through a wide range of funding programmes, covering funding opportunities as well as advising on how to access funding and put it to use. **The European Investment Bank (EIB)** is a publicly owned international financial institution and its shareholders are the EU member states. It is therefore both a bank and an EU Institution, and supports projects that make a significant contribution to growth, employment, economic and social cohesion and environmental sustainability, both in the EU and beyond.

Multi- and bilateral financial institutions use the same instruments to channel funding as national financial institutions, including concessional loans (loans that are extended on terms substantially more generous than market loans), grants, equity and guarantees.

2.2 PRIVATE FINANCE

Private finance has many actors and still represents a huge untapped potential for local governments, with only 30% of private funds having public sector recipients [5]. There is a huge

variety both regarding the sources and the mechanisms using private finance, such as bonds, public private partnership, revolving fund and others. While traditional solutions like grants

Figure 2 - Financial sources for local and regional governments



and loans retain a dominating role for financing large-scale investments, there is a growing trend to use creative solutions like crowdfunding or Corporate Social Responsibility (CSR) funds.

Drilling down to the subnational level, in addition to the above described international finance sources, Figure 2 illustrates the potential financial sources available for local and regional governments [6].

2.3 GOVERNMENT RESOURCES

Government transfers are resources transferred from other levels of government, generally national governments, and are a predominant source of revenue for local and regional governments. They can be earmarked, which means they have to be used for specific, predefined purposes, or unconditional, which means they can be used to fulfill any purpose.

The own-source revenues of a local government are usually made up of user fees, charges and taxes.

Other domestic climate finance sources can be, among others, concessional loans, guarantees and grants.

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*It is important to note that no single source of funding is sufficient to cover the anticipated costs of urban development. Local and regional governments should instead **blend a mix of public and private funding** from international, national, local, and community sources (such as loans, grants, bonds, microfinance, tax revenue, community lending, crowdsourcing).*





3. RAISING FINANCE AND PROJECT PITCHING

For most urban development projects relying purely on own sources is not enough and external support is needed. The goal of raising finance is to get this external support.

It should not be forgotten that fundraising is not just about raising money, it's also about building relationships. From a local government

perspective, fundraising can target international, national, subnational and private funders.

Fundraising and project pitching usually go hand in hand. It is hard to separate the two meanings, so in this paper under fundraising the focus is more on the planning process, while the pitching part digs into actions taken towards acquiring funding.

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*Fundraising is not just about raising money, it's also about **building relationships**.*

3.1 FUNDRAISING BASICS

Fundraising is a skill that can be learned like any other skill. For local government staff, gaining the skill of fundraising means being able to accomplish more and bring more resources to residents.

Here are some fundraising tips from seasoned experts:

1 KNOW WHO YOU ARE

Understand and build your project idea based on your local context.

2 THINK GLOBAL

Connect your idea with national and global objectives.

3 HAVE A SOLID CONCEPT

Know exactly what you want to achieve, including the scale and objectives.

4 COLLECT DATA

Analyze and plan accordingly.

5 DEFINE YOUR FINANCIAL NEEDS

Calculate the budget based on technical assessments. Check if there are own sources, liquidity and/or assets available to invest and then estimate the amount of external finance needed.

6 SECURE COMMITMENT

Analyze the potential environmental and social impacts, engage and communicate regularly with your stakeholders. Create ownership to prevent or reduce opposition.

7 THINK ABOUT YOUR COMMUNITY

Urban projects have great economic and social relevance at local level. Local stakeholder inclusion in infrastructure projects is directly associated with project risk reduction and local development impact, enabling linkages with the local economy, the creation of supply chains, and job creation [\[8\]](#). (See Figure 3)

8 PREPARE A FUNDRAISING PLAN

Think about the timing, the planned activities and who the best person is to be engaged.

9 DECIDE ON COMMUNICATION TOOL

Do you want to run a campaign, organize a fundraising event or focus on bilateral discussions? Which communication tool would be more adequate for your project? Would a flyer, website, newsletter or an event serve your purpose best?

Figure 3 Stakeholder mapping [10]



“Urban projects have great economic and social relevance at local level. **Local stakeholder inclusion** in infrastructure projects is directly associated with project risk reduction and local development impact, enabling linkages with the local economy, the creation of supply chains, and job creation.



3.2 PITCHING ESSENTIALS

"If your pitch doesn't excite your audience, you've already lost the battle."

- Ryan Robinson, Content marketer

"The verbal component of a face-to-face conversation is less than 35 percent and over 65 percent of communication is done non verbally."

- The New York Times

"If you're not prepared to make your pitch, you may just miss your next big opportunity."

- Robert Herjavec, Investor

1

STRUCTURE YOUR PITCH

Build your pitch around the problem and the solution your project could offer. Use the first two slides/minutes to generate interest.

2

MAKE YOUR PITCH COMPELLING

Create a powerful presentation using charts and images instead of text heavy slides.

3

KNOW YOUR AUDIENCE AND TAILOR YOUR PITCH

Think from the donors' perspective to make your idea interesting: understand their goals and priorities, and demonstrate that your project is in line with what they are looking for.

SUCCESSFUL PITCHING STRATEGY

BE READY

The opportunity to pitch your idea might arise when you don't even expect. Always be ready to make your pitch to a willing audience.

4

DEMONSTRATE YOUR INTEGRATED APPROACH

Prove that there is a broad support of citizens showing a real market and need for the idea.

5

LEARN FROM REJECTIONS

Understand the reasons behind and use the experience to enhance your pitch.

6

4. BRASILIA, A MODEL CITY AND STATE



4.1 FUNDRAISING IN CONTEXT

As already described above the fundraising process has to be planned, and this planning has to be based on the local context. Understanding the local context means having to have a clear picture on the legal, institutional and regulatory environment. The vast majority of international finance cannot be directly accessed by local governments, but through the national government or intermediary bodies. Being aware of these factors already determine the local governments' possibilities and help to set a focus and objectives.

Particularly when targeting national and international public donors, a concept is stronger and better received when there is a linkage with national and international strategies. In the case of Brasília, the Federal District's Strategic Plan (2019-2060) [7] was designed in line with the Sustainable Development Goals (SDGs), ensuring a strong legacy when talking to international funders. All the 8 axes of the Strategy can be connected to one or more SDGs. The below presented CITInova project is part of the Environment/Climate Change one.

FACTS & FIGURES [11]

History

Became capital in 1960

Population (2019)

3,015,268 people

Land area

5800 km²

Geography

Headwaters of tributaries of three major Brazilian Basins (Amazonas, São Francisco, Prata)

GHG emission

50% Transport
40% Solid Waste, Cement Industry

Emission reduction target

Emissions neutralized by 2022

8 STRATEGIC AXIS CONNECTED TO THE SDGS

STRATEGIC MANAGEMENT
HEALTH
SECURITY
EDUCATION
ECONOMIC DEVELOPMENT
SOCIAL DEVELOPMENT
TERRITORIAL DEVELOPMENT
ENVIRONMENT/CLIMATE
CHANGE



CITinova

Objective

Develop innovative technological solutions and offer integrated urban planning methodologies and tools to support public managers, encourage social participation and promote fairer and more sustainable cities.

Where

Brasília and Recife

Climate target

An estimated direct reduction of 3.8 million metric tons of CO2 emissions (2.6 metric tons of CO2 emissions per capita are generated each year in Brazil).

Funding (Brasilia)

GEF	USD 6.5M
Co-financing	USD 63M
Federal District	

Period

2019 - 2022

4.2 CITinova: A DOOR OPENER PROJECT

The CITinova project is a GEF 6 child project and is part of the Federal District's Strategic Plan Environmental and Climate Change axis. Although the GEF contribution is relatively small, the project is a perfect example of how a small-scale investment can be an accelerator to access additional funding.



FUNDRAISING BUILT ON DATA COLLECTION

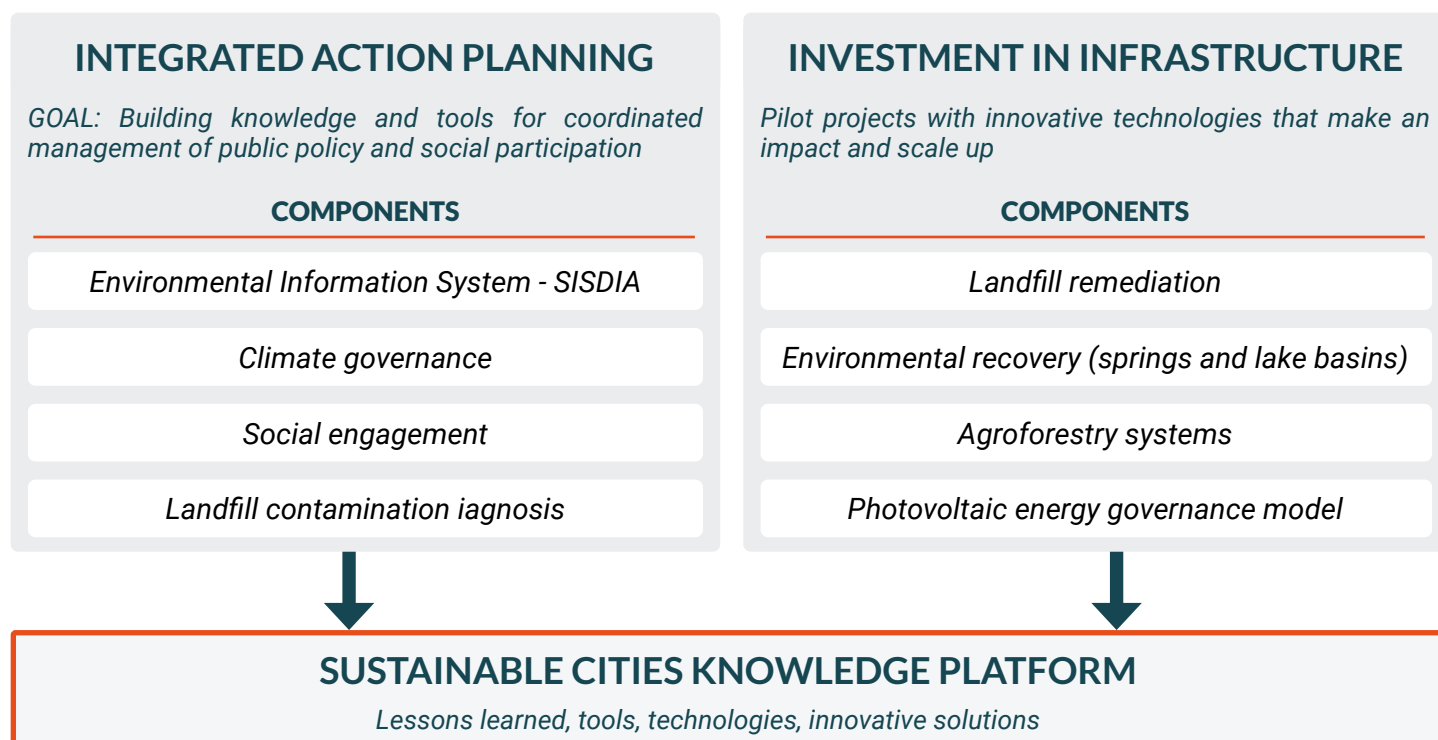
The importance of having a solid database and studies was well recognized by Brasília. Data collection and analysis can support local and regional governments not only in developing an integrated climate change strategy for the community and monitor achievements, but also in building trust and increasing the confidence of investors.

Within the Federal District, the CITinova project is coordinated

by the Secretariat of the Environment (SEMA-GDF) and is divided into two action fronts, both of which participate in the collection of relevant data.

Both the integrated urban action and investment in infrastructure consists of four components, which are all connected, and have components of data collection as part of their mandate (see Figure 4).

Figure 4. Action fronts of the CITinova project and their components



SOCIAL ENGAGEMENT

To mobilize social engagement and raise awareness of the society towards the need of a more sustainable urban development it is fundamental to involve various audiences such as schools, private and social sectors in topics such as waste management, renewable energy, water conservation, and climate governance.

Furthermore, other themes like gender equality, poverty reduction, economic equality are built in and are continuously ensured in the project. For example in the mechanized Agroforestry project the machines were changed as they were too heavy for women. These elements strengthen the transformative impacts of a project and are also requested and measured by most of the donors.

THINKING BEYOND THE PROJECT GOALS

Brasília's fundraising strategy is based on interlinkages and on the connection between plans, projects and outcomes. The above described components of the CITinova project were designed as being part of a bigger picture. All data collected contribute to a better understanding of the local context, fill gaps and provide information on needs defined also at national level, as well as will serve and will be built in further project proposals and strategies.

Scalability and replicability are usually very much liked by potential funders and are an inherent part of the CITinova project. Piloted proven technologies are also replicated in other projects. For example the machines purchased under one of the CITinova projects - "Mechanised Agroforestry Systems (AFS) in river basins" - will also be used in the project "Basin recovery and Biodiversity preservation project (Maranhão River, Preto River, Descoberto River)".

4.3 FUNDRAISING RESULTS 2019



PROJECT PREPARATION

BIODIVERSITY PRESERVATION - Protected areas infrastructure implementing and management

BASIN RECOVERY - Maranhão River, Preto River, Descoberto River

**USD
150M**
REFUNDABLE



**USD
300M**
REFUNDABLE

PARTNERSHIP WITH THE ENVIRONMENT SECRETARIAT AND THE BRASÍLIA REGIONAL BANK - BRB

to provide low cost financing for public companies and the private sector on climate adaptation

Public transport - bus fleet replacement (low emission)

Photovoltaic plants to energy generation for public buildings, companies and private buildings (residential and commercial), agriculture and houses – Brasília Solar

Water reuse system for houses and private buildings (residential and commercial)

Sustainable Infrastructure



“

***We need to find our way
toward fundraising.***

I want to encourage you not to have fear of procedures and bureaucracy. Just go for it. Always remember the importance of knowing what your city, state and country needs, and to include that in planning.”

Alessandra Andreazzi Peres

*Deputy Secretary for Strategic Issues
Federal District Environment Secretariat
Brazil*

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ADDITIONAL RESOURCES

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- <https://www.iied.org/climate-finance-not-reaching-local-level>
- <https://citinova.org.br/brasil/>